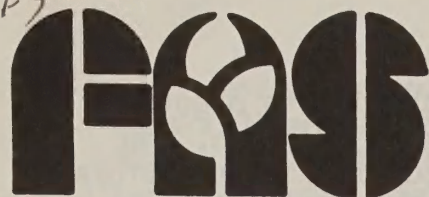


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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 12-82

WASHINGTON, March 24--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

First official SOUTH AFRICAN estimates of the current coarse grain crop indicate that drought has severely damaged corn and sorghum crops. To date, it appeared that 1982/83 South African coarse grain exports would be unaffected by the reduced 1982 spring harvest because of ample stocks and an aggressive export policy. However, if damage is as severe as these estimates suggest, reduction in exports from the current forecast of 4.8 million tons during the May-April 1982/83 marketing year would be likely, unless stocks are cut to below normal levels.

In WEST GERMANY, winter grain area for harvest during 1982 is expected to be down from last year's level of 3.4 million hectares. Heavy rains during October-December delayed harvesting of fall crops and consequently postponed winter wheat sowings. Winter wheat area is estimated to have fallen approximately 10 percent from last year's 1.5 million hectares. Winter barley and rye sowings took place under favorable conditions, continuing the trend toward more barley at the expense of rye. Freeze damage in Westphalia and lower Saxony, however, reduced the remaining barley area to a level close to that of last year's 1.3 million hectares. Reduced winter wheat and barley area is expected to result in a significant increase in spring grain area. Reportedly, shortages may exist for spring wheat and barley seed.

Weather conditions in the UNITED KINGDOM generally have favored sowing and development of the winter grain crop for harvest this summer. Planting in most areas was completed early and soil moisture was adequate for germination. There are indications that relatively little damage occurred from the weather extremes of this winter. Sown winter wheat area, which accounts for approximately 95 percent of the United Kingdom's wheat production, has increased each year since 1978. This year's wheat area is expected to increase by as much as 13 percent. Winter barley sowings, which are roughly one-third of the United Kingdom's total barley crop, have also been increasing during the past few years at the expense of spring varieties. Currently, it appears that sowings of winter barley may increase roughly 37 percent compared with last year's level, while spring sowings are expected to decline again.

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LYNN KRAWCZYK, Editor, Tel. (202) 382-9442. Additional copies may be obtained from FAS Information Services Staff, 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.

The EUROPEAN COMMUNITY Commission is seeking authority to negotiate long-term agricultural export agreements with Algeria, Egypt, Morocco, and Tunisia. The agreements will be designed to assure the supply of agricultural products to these countries, as well as to assure the European Community of outlets for those same products on a regular, planned and mutually beneficial basis. Wheat, flour, and barley--all surplus commodities in the EC that need to be heavily subsidized to remain competitive in world markets--are specifically mentioned in the document.

In recent years, the United States supplied one-third to one-half of Algerian, Egyptian, Moroccan, and Tunisian wheat and flour imports. Trade agreements by the European Community, therefore, could reduce the U.S. market share. In 1981/82, these four countries are expected to import a total of about 4.5 million tons of wheat and flour.

OILSEEDS AND PRODUCTS

NIGERIA's imports of oilseed products, mostly refined soybean, rapeseed, and palm and cottonseed oils, are estimated to increase to 370,000 tons in 1982, compared with 350,000 tons in 1981, according to the U.S. agricultural attache in Lagos.

Although Nigeria continues to produce substantial quantities of various oilseeds, as well as palm oil, domestic usage is outpacing domestic production, resulting in Nigeria--a former net exporter of vegetable oil--becoming a fat deficit-country.

During the past decade, India, the Soviet Union, and China--all formerly large producer-exporters of vegetable oils--have expanded imports to satisfy growing domestic requirements. Despite this shift, vegetable oil has become one of the cheapest sources of food calories.

DAIRY, LIVESTOCK, AND POULTRY

Cattle numbers in KOREA at the beginning of 1982 were estimated at 1.636 million head, 2 percent above 1981. This marginal rise was due to imports of cattle and sizeable quantities of beef, aimed at reducing the slaughter of domestic animals. Cattle numbers during 1982 are expected to increase further due to the government's continued efforts to build up beef herds; however, beef production is expected to remain at the 1981 level.

In CANADA, total beef output in 1982, including significant live cattle imports, is expected to rise less than the 5 percent gain registered in 1981. Cattle inventory expansion is expected to be modest due to continued uncertainty over market conditions and government policies. The Canadian cattle industry, confronted with increased production costs and depressed market prices during 1981, continued to take measures to counter sharply reduced net returns. Female slaughter continued at relatively high rates at the expense of herd buildup, while increased calf slaughter reflected the lower demand for feeder cattle.

Several provincial governments initiated financial assistance programs in late 1981 and early 1982 in response to poor producer returns. The idea of a national marketing board to control production and imports, favored by Agricultural Minister Whelan, suffered a setback recently when preliminary results of a producers' poll showed the majority of Canadian beef producers opposed to a supply management approach to beef marketing.

In THAILAND, commercial pork production totaled 310,000 tons in 1981, 5 percent above 1980's output, which was limited by high feed prices and price controls on meat. Although Thailand possesses a number of modern integrated hog operations, much of the 1981 increase came from small and medium-sized operations, which were better able to utilize lower priced non-commercial feeds, such as rice bran, broken rice and low-grade corn.

Thailand's production of poultry meat totaled 410,000 tons in 1981, 3 percent above 1980. Price controls on poultry meat and continued increases in commercial feed prices appear to be responsible for the slowdown. Poultry meat exports in 1981 were roughly 27,000 tons, approximately 40 percent above 1980.

In DENMARK, nine sites of infection of foot and mouth disease (FMD) were reported as of March 24 on the Island of Fyn (Funen). All the cases are believed to be secondary due to spread from an initial outbreak that was confirmed on March 18.

The last outbreak of foot and mouth disease in Denmark occurred in April 1970. Denmark's disease free status was recognized by the European Community in December 1977 and by the United States in September 1978.

Denmark will not be able to ship livestock or certain livestock and dairy products to the United States or other FMD-free countries that wish to retain that status with the United States. It will heavily affect Denmark's fresh and frozen pork exports (valued at \$22.1 million to the United States in 1981 and \$87 million to Japan in 1980), and any export of butter and casein (valued at \$6.9 million to the United States in 1980). Denmark also will not be able to ship any beef under the 5,000-tons allocation under which EC countries can ship subsidized beef to the United States (2.725 tons in 1981). Canned hams and shoulders or sterilized product can still be admitted with proper certification to the United States.

All product on route to the United States from Denmark as of March 18 will be held until it can be verified that it did not derive from infected animals.

TOBACCO

TURKEY's 1981 tobacco production is estimated at 180,000 tons, compared with 229,349 tons in 1980. The 1981 area was 197,000 hectares, compared with nearly 223,000 hectares in 1980. The 1981 Aegean Growers' Market opened officially on Feb. 17, 1982, and the 1981 Aegean tobacco output of 101,000 tons was sold out within a few days. The government had established the ceiling support price at roughly \$1.71 per kilogram, 30 percent above the 1980 level. However, private merchants, encouraged by increased orders from foreign buyers and devaluations of the lira, entered the market prior to the official opening and contracted for over three-fourths of the crop by guaranteeing prices as much as 87.5 percent above the monopoly's ceiling price.

Better prices received by farmers may prevent further declines in Aegean production this year. Some merchants assert that increased producer prices should not cause any problem in exporting the 1981 crop, since the government may reduce the export tax in order to maintain the competitiveness of the Turkish tobacco. Exporters speculate that export prices for the 1981 unmanufactured tobacco will be between \$4.25 and \$4.50 per kilogram, f.o.b., compared with \$4.05 last year.

The EUROPEAN COMMUNITY Commission's February report to the European Parliament justified the Commission's June 1980 position on tobacco tax harmonization, which would eventually harmonize the specific and ad valorem ratios at 20 specific and 80 ad valorem. The report effectively dismissed an alternative approach by the Economic and Social Committees that was based on harmonization of the ad valorem rate as a percentage of the retail price with the ad valorem tax probably being harmonized at about 40 percent. This alternative approach had the support of the private sector. Parliament has not yet taken any action on the report.

KOREA's total tobacco product output in 1981 reached 72.7 billion pieces, up 2 percent from the 1980 level. Cigarette production accounted for 72.2 billion pieces of the total, with 97 percent being filtered cigarettes. For 1982, total tobacco product output is targeted to increase 5 percent to 76.6 billion pieces. However, a 10 to 17 percent rise in the price of medium- and high-quality tobacco products may affect short-term consumer demand, thus decreasing the percentage increase in tobacco product use.

Korea's tobacco leaf exports in 1981 increased 12 percent over 1980 to 37,868 tons, valued at \$100.4 million. Flue-cured and burley exports were 15,508 tons and 22,360 tons, respectively. Leaf exports for 1982 are projected at 35,000 tons.

Imports of tobacco leaf in 1981 were 12,261 tons, valued at \$68.8 million--12 percent greater than a year earlier. These larger imports were necessary for blending poor quality domestic leaf harvested in 1979 and 1980. Imports from the United States included 4,360 tons flue-cured and 400 tons of burley.

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The U.S. market share dropped from 42 percent in 1980 to 38 percent in 1981 as Korea continued to increase imports from other sources. During 1982, Korea plans to import only 6,400 tons leaf, mostly oriental types, in an effort to reduce stock levels. There are no plans to import any U.S. leaf in 1982, as there are reportedly enough U.S. leaf stocks on hand to last until 1984. Total leaf stocks at the end of 1981 dropped to 165,280 tons, down 2 percent from 1980. During 1982, stocks are projected to be reduced by 3 percent, due to continuing increases in utilization and the planned reduction in leaf imports.

HORTICULTURAL AND TROPICAL PRODUCTS

New restrictions imposed by ECUADOR on imports of fresh and dried fruits and wine likely will result in a significant reduction or a halt in purchases of those products from the United States. Products affected by the restrictions are fresh apples, pears, grapes, cherries, peaches, raisins in packages of one pound or more, dried prunes, and wines. These products may now be imported only in compensation for and/or barter with Ecuadorean products, preferably bananas, and with prior authorization of the Ministry of Agriculture and Livestock. These requirements, imposed because of a balance of payments crisis, are in addition to import duties in excess of 70 percent, a 30 percent luxury tax, and a prior deposit of 50 percent for 180 days. In 1981, the value of U.S. exports of the affected products to Ecuador totaled \$1.6 million.

Although production and exports have risen sharply during the past 5 years, GREECE's 1981/82 table olive production is estimated at 84,000 tons, a 3.5 percent decline from last year's level.

Exports during the first 11 months of 1981 exceeded the total 1980 level of 47,914 tons. Exports have risen continuously since the 38,636 tons shipped in 1977. Italy is normally the leading market, but exports to Libya have grown rapidly and may exceed those to Italy in 1981. During the first 11 months of 1981, Libya, Italy and Romania took 57 percent of Greek table olive exports. Exports to the United States during that period were 2,673 tons, compared with 2,703 tons in 1980.

Provided that they pay growers the established minimum prices, exporters are entitled to an export incentive amounting to 23-25 percent of the f.o.b. price. This incentive includes a refund on the export financing cost and a partial refund on the minimum price paid to producers.

There are currently 28 installations (cooperative and private) with a total capacity for processing and canning about 45,000 tons of table olives. The industry processes roughly 60 percent of the crop, while the remainder is processed on the farm.

Although Greece has asked that it be included, table olive production and trade is not included in the EC's Common Agricultural Policy (CAP). It is expected that eventually table olives will come under the CAP's umbrella.

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ISRAEL's output of avocados during the 1981/82 season is expected to reach a record 37,000 tons, nearly five times greater than the weather-damaged 1980/81 harvest of 8,000 tons. Approximately 80 percent of the current crop is slated for export, primarily to markets throughout Western Europe.

WORLD coffee exports, including the green bean equivalent of roasted/ground and soluble, should total about 64.7 million bags (60 kilograms each) during crop year 1981/82. At this level, exports would be 5.6 million bags, or 9.5 percent, above the 59.1 million bags exported during 1980/81 when grower country sales were limited by the drawdown on stocks in consuming countries due to the high cost of carrying such stocks.

Exporting members of the International Coffee Organization (ICO) account for over 99 percent of the world total. Shipments by exporting members to importing members, at 56.5 million bags (up from 51.7 million bags in 1980/81) will nearly equal the export quotas assigned for the year. Member sales to non-member countries will grow from 6.9 million bags to 7.8 million. Brazil is expected to have the largest sales to non-members--2.5 million bags, the same as in 1980/81.

Other countries where large non-member sales are expected during 1981/82 include Colombia (725,000 bags); the Ivory Coast (652,000 bags); India (635,000 bags); Angola (500,000 bags); and Ethiopia (425,000 bags). Some of the sales to non-members are heavily discounted, while others take place under bilateral trade agreements with Soviet Bloc countries.

World coffee exports during crop year 1981/82 and 1980/81 are shown below in 1,000 bags. These figures assume the global ICO export quota for 1981/82 will remain unchanged at 56.7 million bags.

Origin	1980/81 1/			Destination 1981/82 2/		
	ICO	Non-	Total	ICO	Non-	Total
	Members	members		Members	members	
ICO members	51,742	6,940	58,682	56,465	7,785	64,250
Non-members	118	307	425	132	285	417
Total	51,860	7,247	59,107	56,597	8,070	64,667

1/ Estimate. 2/ Forecast.

The EUROPEAN COMMUNITY Commission recently established export subsidies for hazelnuts (filberts) and orange juice (concentrated or unconcentrated). The gross weight subsidies are 300 European Currency Units (ECU's) per ton for hazelnuts and 21 ECU's per ton for orange juice. (One ECU=US\$1.04 as of Feb. 19, 1982.)

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WORLD production of hard fibers (sisal, henequen, and abaca) is forecast to be down slightly in 1982 from last year's level. World sisal and henequen production is forecast at 482,000 tons, 30,000 tons below last year's output of 512,000 tons. Reduced production prospects in Brazil and Tanzania more than offset increased output in Haiti, Kenya, Mozambique, and Venezuela. World abaca production--at 77,100 tons--is expected to be down marginally from last year's 79,800-ton crop because of lower output in the Philippines.

RECENT FOREIGN AGRICULTURE CIRCULARS AND PUBLICATIONS

FAS 1982 Circular Release Date Calendar
World Output of Tomato Products Lower Again in 1981, FVEG 2-82
Bumper World Cocoa Bean Crop Harvested in 1981/82, FCB 1-82
1982 Meat and Dairy Imports, FDL-MT 2-82
World Grain Situation/Outlook, FG 8-82
World Cotton Situation, FC 4-82
World Tobacco Situation, FT 3-82
USSR Grain Production, FPED 3-82

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f.,
Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March 23, 1982	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%.....	203.00	5.52	+10
U.S. No. 2 DNS/NS: 14%.....	188.00	5.12	+11
U.S. No. 2 DHW/HW: 13.5%.....	204.00	5.55	+16
U.S. No. 2 S.R.W.....	175.00	4.74	+22
U.S. No. 3 H.A.D.....	184.00	5.01	0
Canadian No. 1 A: Durum.....	202.00	5.50	+3
Feed grains:			
U.S. No. 3 Yellow Corn.....	131.95	3.35	+6
U.S. No. 2 Sorghum 2/.....	137.00	3.48	-9
Feed Barley 3/.....	150.00	3.27	+5
Soybeans:			
U.S. No. 2 Yellow.....	260.75	7.10	+31
Argentine 4/.....	1/	1/	1/
U.S. 44% Soybean Meal (M.T.)..	228.50	--	+3.50 5/
EC Import Levies			
Wheat 6/.....	91.15	2.48	+4
Barley.....	74.65	1.63	-6
Corn.....	89.85	2.28	-6
Sorghum.....	84.70	2.15	-5

- 1/ Not available.
2/ Optional delivery: Argentine Granifero Sorghum.
3/ Optional delivery: Canadian Feed Barley.
4/ Optional delivery: Brazil Yellow.
5/ Dollars per metric ton.
6/ Durum has a special levy.

Note: Basis April delivery.